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**LISA D. NORDSTROM**  
Lead Counsel  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

May 20, 2015

**VIA HAND DELIVERY**


Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

Case No. IPC-E-15-14  
2015-2016 Power Cost Adjustment – Idaho Power Company's Reply Comments

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Reply Comments.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt  
Enclosures

LISA D. NORDSTROM (ISB No. 5733)  
Idaho Power Company  
1221 West Idaho Street (83702)  
P.O. Box 70  
Boise, Idaho 83707  
Telephone: (208) 388-5825  
Facsimile: (208) 388-6936  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY FOR	)	CASE NO. IPC-E-15-14
AUTHORITY TO IMPLEMENT POWER	)	
COST ADJUSTMENT ("PCA") RATES	)	IDAHO POWER COMPANY'S
FOR ELECTRIC SERVICE FROM JUNE 1,	)	REPLY COMMENTS
2015, THROUGH MAY 31, 2016.	)	
	)	

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Idaho Power Company ("Idaho Power" or "Company") respectfully submits the following Reply Comments in response to comments filed by the Idaho Public Utilities Commission ("Commission") Staff ("Staff") on May 15, 2015. In these Reply Comments, Idaho Power acknowledges Staff's review and confirmation of the calculations included in the Company's initial filing, and supports Staff's proposed adjustment to the PCA deferral balance related to the settlement stipulation ("Stipulation") filed in Case No. IPC-E-15-15.

**I. BACKGROUND**

On April 15, 2015, Idaho Power applied to the Commission for an order approving an update to Schedule 55 based on the quantification of the 2015-2016 PCA

to become effective June 1, 2015, for the period June 1, 2015, through May 31, 2016. If approved as filed, the 2015-2016 PCA would result in an overall revenue decrease of approximately \$10.1 million, or a 0.91 percent decrease over current billed revenue.

On April 28, 2015, Idaho Power filed an application ("Application") in Case No. IPC-E-15-15, requesting Commission approval of a Stipulation entered into between Idaho Power and Staff regarding certain computational modifications to the true-up portion of the PCA. As detailed further in the Company's Application in that case, the Stipulation reflects the culmination of informal discussions between Idaho Power and Staff following the closure of Case No. IPC-E-14-16, which was initially opened in 2014 to explore the issue of a potential line-loss bias inherent in the Company's existing PCA deferral methodology. To address the issue of line-loss bias and to improve the overall accuracy of the PCA deferral, the Stipulation entered into between Idaho Power and Staff details modifications necessary to transition from the existing Load Change Adjustment ("LCA") to a Sales-Based Adjustment ("SBA"), as well as a modification to the determination of monthly interest accrued on the PCA deferral balance. Because the PCA modifications agreed upon in the Stipulation are to become effective as of January 1, 2015, approval of the Stipulation would result in a reduction of \$1,470,797.50 to the PCA deferral included in the Company's 2015-2016 PCA rates filed in this docket.

On May 15, 2015, Staff filed comments in this docket recommending that the Commission approve the Company's proposed PCA rates as modified to include the SBA true-up adjustment. Staff also recommended that the Commission approve the Company's proposed revenue-sharing amounts, including PCA revenue sharing of \$7,999,145 and a pension balancing account contribution of \$16,693,134, as well as the

requested \$4 million in Energy Efficiency Rider funds to be credited to customers as a reduction to the 2015-2016 PCA rates. Staff recommended a June 1 effective date for rates reflecting the above-mentioned SBA adjustment, which Staff provided in Attachment C to its comments.

## **II. IDAHO POWER'S REPLY**

Idaho Power acknowledges Staff's review and agrees with Staff's conclusion that the filed PCA components appropriately calculate 2015-2016 PCA rates under the currently-approved methodology. Idaho Power also supports Staff's recommendation to adjust the filed \$10.1 million reduction to current revenues to include the additional \$1,470,797.50 reduction resulting from the implementation of the terms of the Stipulation effective January 1, 2015.

As mentioned above, the Stipulation addresses two primary modifications: (1) transitioning from the LCA to the SBA and (2) modifying the determination of monthly interest on the PCA deferral balance. By converting to the SBA as of January 1, 2015, the impact on the PCA deferral balance for the months of January through March 2015 is a reduction of \$1,495,026. The modification to the interest determination, on the other hand, results in an increase to the PCA deferral balance for those same months in the amount of \$24,228.50. The combination of these two adjustments, reflecting the implementation of all terms of the Stipulation filed in Case No. IPC-E-15-15, results in the net reduction to the PCA deferral balance of \$1,470,797.50. Idaho Power supports this adjustment, and believes Staff appropriately incorporated the terms of the Stipulation into the Company's filed 2015-2016 PCA rates.

### **III. CONCLUSION**

Idaho Power acknowledges Staff's review and confirmation of its filed PCA components, and maintains that the figures comprising its initial filing appropriately reflect the existing PCA methodology. Idaho Power also expresses its support for Staff's proposed reduction of \$1,470,797.50 to the filed PCA deferral balance, and affirms that this adjustment accurately quantifies the January 1, 2015, implementation of the PCA deferral modifications detailed in the Stipulation filed in Case No. IPC-E-15-15.

For these reasons, Idaho Power respectfully requests that the Commission approve the 2015-2016 PCA rates as detailed in Attachment C to Staff's comments filed in this proceeding.<sup>1</sup>

DATED at Boise, Idaho, this 20<sup>th</sup> day of May 2015.

  
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LISA D. NORDSTROM  
Attorney for Idaho Power Company

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<sup>1</sup>In calculating revised Schedule 55 rates reflecting the proposed \$1.47 million SBA adjustment, Idaho Power's rate calculation model quantified tariff rates that varied in the sixth decimal place from rates listed in Attachment C to Staff's comments, likely due to rounding differences. Idaho Power agrees with Staff's general quantification of these rates, and believes the issue of rounding can be addressed in the context of the Company's compliance filing contingent upon the Commission's final order in this case.



## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 20 day of May 2015 I served a true and correct copy of IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

### Commission Staff

Karl T. Klein  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington (83702)  
P.O. Box 83720  
Boise, Idaho 83720-0074

☒ Hand Delivered  
☐ U.S. Mail  
☐ Overnight Mail  
☐ FAX  
☒ Email [karl.klein@puc.idaho.gov](mailto:karl.klein@puc.idaho.gov)

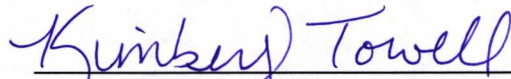
### Industrial Customers of Idaho Power

Peter J. Richardson  
RICHARDSON ADAMS, PLLC  
515 North 27<sup>th</sup> Street (83702)  
P.O. Box 7218  
Boise, Idaho 83707

☐ Hand Delivered  
☐ U.S. Mail  
☐ Overnight Mail  
☐ FAX  
☒ Email [peter@richardsonadams.com](mailto:peter@richardsonadams.com)

Dr. Don Reading  
6070 Hill Road  
Boise, Idaho 83703

☐ Hand Delivered  
☐ U.S. Mail  
☐ Overnight Mail  
☐ FAX  
☒ Email [dreading@mindspring.com](mailto:dreading@mindspring.com)

  
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Kimberly Towell, Executive Assistant